



JC101 20 PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re Application of ) Assignee: Xenogenics Corporation  
) (by mesne assignments)  
EDWARD F. MYERS ET AL. )  
) FOR: ARTIFICIAL LIVER APPARATUS  
U.S. Serial No.: 08/809,677 ) AND METHOD  
)  
Int'l. Appln. No.: PCT/US94/10935 ) Group Art Unit: PCT Office  
)  
Int'l. Filing Date: 27 September 1994 )

**RESPONSE TO DECISION ON RENEWED PETITION  
UNDER 37 C.F.R. § 1.47(b) AND REQUEST FOR  
RECONSIDERATION OF SAID DECISION**

Hon. Commissioner for Patents  
Washington, D.C. 20231

Attention: Derek Putonen  
Petition Attorney

Dear Sir:

This Response and Request is filed in response to the Decision dated December 20, 2001 in this application. For the reasons set forth below, Petitioner Xenogenics respectfully requests that the information and documents submitted herewith be entered

I hereby certify that this correspondence is being mailed via United States Postal Service Express Mail, receipt no. EL914123097US in an envelope addressed to: U.S. Patent and Trademark Office, P.O. Box 2327, Arlington, VA 22202 on:

February 19, 2002  
(Mailing Date)

Melissa J. Leffler  
(Typed Name)

(Signature)

February 19, 2002  
(Date of Signature)

into the file of this application, that the Decision be reconsidered, and that the Petition Attorney rule that all requirements have been fulfilled to enable Petitioner to proceed with this application in the Patent and Trademark Office (PTO) under the provisions of 37 C.F.R. § 1.47(b) [hereinafter referred to herein as "Rule 47"], all inventors having refused to sign the Declaration documents originally called for by the Petition Examiner.

In the subject Decision, the Petition Examiner ruled that all requirements pertaining to Rule 47 have been met by Petitioner with the exception of:

- a. Statements of first person evidence that Drs. Edward F. Myers and Albert P. Li have each been presented with a complete set of application documents, that they have been requested to sign those documents as named co-inventors on this present application, and that they (being aware of the nature of the documents) have expressly refused to sign such documents; and
- b. A legal opinion by a qualified attorney regarding the legal obligations of Drs. Myers and Li to assign all of their rights to the claimed invention and to the present (and all other) patent application(s) related to such invention based on their former positions as officers of one or more of Petitioner's predecessors in interest and/ or on the basis of any written document amounting to an assignment of all such rights.

It is respectfully submitted that these requirements have been met by this Response and Request and by the following documents submitted herewith:

1. Declaration of Gregory F. Szabo;
2. Executed Declaration in the name of co-Inventor Edward F. Myers
3. Legal Opinion Provided by James W. McClain.

Specifically, in Mr. Szabo's Declaration his direct solicitation of Dr. Li's signature on a complete set of application documents and Dr. Li's refusal to sign are documented. Dr.,  
that the signature issue as to him is now resolved. In

and both his and Dr. Myers' obligations to assign their patent rights to predecessors of Petitioner are described and their legal effects under federal and California law are analyzed. Mr. McClain, a qualified California and Colorado attorney and a PTO Registrant states his conclusion that Drs. Li and Myers, through his own actions and corporate position and through the actions of the putative assignees, did have such legal obligations to assign and did in fact make such assignments, and that the assignees thereof did legally acquire all of Drs. Li's and Myers' rights to this application and the invention described therein, as well as to all other counterpart, predecessor and progeny applications, both domestic and foreign, and that such rights could thereafter be assigned, directly or by mesne assignments, to Petitioner, as previously documented in the file of this application, through the Renewed Petition Under 37 C.F.R. § 1.47(b) and otherwise.

Mr. McClain's opinion also addresses the legal effect of the October 1992 executed by Dr. Myers to Cedars-Sinai Medical Center and concludes that under case law and statute it must be considered to be a complete assignment of all of Dr. Myers' rights, notwithstanding a decades-old isolated decision of the Commissioner of Patents which suggests otherwise.

### **FEES**

It is not believed that any fees are due with respect to the submission of this Response and Request. However, should any such fees be due, the Patent and Trademark Office is authorized to charge all such fees to Deposit Account No. 02-4070.

### **CONCLUSION**

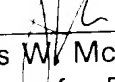
It is therefore respectfully submitted that all requirements of 37 C.F.R. § 1.47(b) are met and that Petitioner is therefore entitled to proceed with prosecution

Letters Patent thereon, and a ruling by the Petition Attorney to that effect is earnestly solicited.

Should the Petition Attorney believe that an affirmative ruling in this matter might be expedited by further discussion of any issues, a telephone call to the undersigned attorney, collect, at the telephone number listed below, is cordially invited.

Respectfully submitted,

Dated: February 19, 2002

By:   
James W. McClain  
Attorney for Petitioner  
Registration No. 24,536

BROWN MARTIN HALLER & McCLAIN LLP  
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Docket No.: 7728-PA01



PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re Application of )  
EDWARD F. MYERS ET AL. )  
Serial No.: 08/809,677 )  
Int'l. Filing Date: September 27, 1994 )

FOR: ARTIFICIAL LIVER  
APPARATUS AND METHOD

Group Art Unit: PCT Legal Office

**LEGAL OPINION PROVIDED BY  
JAMES W. McCLAIN, ATTORNEY AT LAW**

I, JAMES W. McCLAIN, hereby declare and state that:

1. I am an attorney licensed by the States of California and Colorado, and am currently in private law practice in San Diego, California with the law firm of Brown Martin Haller & McClain, LLP. My license from California dates from 1967 and my license from Colorado dates from 1973.
2. I have been registered with the U.S. Patent and Trademark Office (PTO) as a Patent Attorney under Registration No. 24,536 since 1967.
3. I am patent counsel for Petitioner Xenogenics, Inc.
4. I am thoroughly familiar with the subject patent application and the history of the prosecution of this case and with the parties who at one time or another have had a proprietary and/or inventorship interest, real or potential, in this application and the invention disclosed and claimed therein. I believe that I am entirely qualified to opine on all legal issues related to this application, both under federal patent law and relevant California state law.
5. In the Decision on Renewed Petition under 37 C.F.R. § 1.47(b) issued by Petitions Attorney Derek A. Putonen of the PTO on December 20, 2001, Mr. Putonen identified [redacted] relying for support from a legal opinion by an

in response to that Decision.

**Matter of Albert P. Li**

6. A named co-inventor in this case is Albert P. Li, Ph.D. Dr. Li has heretofore failed to sign the required application papers as an inventor. As is indicated in a Declaration of Gregory F. Szabo submitted to the PTO simultaneously herewith, Dr. Li continues to refuse to sign, notwithstanding a direct proffer of a set of papers for execution on February 6, 2002, by Mr. Szabo.

7. In order for prosecution of this application to proceed in the absence of Dr. Li's signature under 37 C.F.R. § 1.47(b) [hereinafter referred to for brevity as "Rule 47"], it must be shown that Petitioner Xenogenics has previously acquired Dr. Li's rights in and to the claimed invention and the application by assignment or by operation of law.

8. It is Xenogenics' contention, set forth in the Renewed Petition, that it is the successor in interest to a predecessor company to which Dr. Li had a legal obligation under California state law to assign all of such rights, and that therefore Xenogenics is now the possessor of Dr. Li's rights and can properly proceed forward with this application under Rule 47. The legal position of Xenogenics is set forth below.

9. Copies of all of the documents mentioned herein pertaining to Petitioner's acquisition of Dr. Li's rights have been made of record in this application and are included within Exhibit I of the Renewed Petition.

10. Dr. Li became an officer of Petitioner's predecessor, Xenogenex, on January 11, 1994, having the title of Chief Scientific Officer. It is my opinion that acceptance and retention of that position as an officer legally obligated him to assign to the company all inventions related to the company's business with which he was involved during his tenure. The present invention was specifically identified in his

Agreement copy in Exhibit I having been redacted to exclude non-relevant material), and there is no disagreement that the present invention was fully within the scope of his employment as a Xenogenex officer.

11. At the time of the Agreement, Dr. Li resided in Missouri and Xenogenex was located in California. California law is applicable to an officer of a corporation having its place of business in California for matters related to the corporation, notwithstanding that the officer may have a personal residence in another state.

12. In the Agreement, Dr. Li agreed to sign a separate assignment document for the invention, which was sent to him with a cover letter. Dr. Li returned the assignment unsigned but indicated on the cover letter that his only reason for not signing the assignment was that he thought that he was being asked to sign not only on his own behalf but also on behalf of his two co-inventors, Drs. Myers and Demetriou. He did not, however, object to signing on his own behalf. Subsequently Dr. Li was advised that the assignment that he had been sent was in counterpart form and that his signature would be only on his own behalf, Drs. Myers and Demetriou having been provided with their own counterpart assignment documents. However, thereafter (and in violation of his employment status and the signed Agreement) Dr. Li took a contrary position, refused to cooperate with Petitioner's predecessor and would not sign the assignment on his own behalf.

12. The fact that Dr. Li's assignment was ultimately not signed does not negate Petitioner's rights under Rule 47. The evidence presented indicates in his own hand that, in compliance with his Agreement, he would have executed that assignment of his right, title and interest in and to the invention and application had he not mistakenly thought that he was being asked to sign not just for himself but also on behalf of Drs. Myers and Demetriou. By the time that his misunderstanding had been corrected, however, he had

and thereafter refused to sign the assignment.

13. The Agreement itself did not address the issue of ownership of technical developments by Dr. Li while an officer of Xenogenex. Neither was the Assignment ever executed. In the absence of an Assignment and since the Agreement is silent on this issue, the statutory and case law applies. It is well settled under federal and state law (including California law) that an officer of a corporation owes to that corporation the assignment of all technical developments made by the officer in the course of his employment and material to the business of the corporation; *Teets v. Chromalloy Gas Turbine Corp.*, 83 F.3d 403, 38 U.S.P.Q.2d 1695 (Fed.Cir., 1996); *Pursche v. Atlas Scraper & Engrg. Co.*, 300 F.2d 467, 132 U.S.P.Q. 104 (9th Cir., 1961); *Blum v. Commission of I.R.S.*, 183 F.2d 281, 86 U.S.P.Q. 118 (3rd Cir., 1950); *Kennedy v. Wright*, 676 F.Supp. 888, 6 U.S.P.Q.2d (C.D. Ill., 1988); *Moore v. American Barmag Corp.*, 693 F.Supp. 399, 9 U.S.P.Q.2d 1904 (W.D. N.C., 1988); and *Banner Metals, Inc. v. Lockwood*, 125 U.S.P.Q. 29, 3 Cal.Rptr. 421 (Calif. Ct. App., 1960). With respect of officers and employees generally, and their obligations to their employers under California law, see CALIFORNIA LABOR CODE §§ 2860 and 2863 (West Publ. Co.: 2000). Clearly any technical developments -- including the present invention -- made by Dr. Li during the course of his employment therefore belonged to his employer, Petitioner's predecessor Xenogenex.

14. Such obligations were not terminated when Dr. Li was subsequently no longer a Xenogenex officer. Obligations incurred during tenure as an officer do not terminate upon cessation of the officer status unless expressly terminated by mutual consent of the officer and the employer. That Dr. Li would not thereafter incur any new obligations to Xenogenex did not affect his previously incurred obligations as an officer, including specifically his obligation to turn over all rights to this invention to Xenogenex, since all such rights had been created by his work during his tenure at Xenogenex.

Dr. Li's contribution to the invention during his tenure with Xenogenex



and from the fact that he initially was willing to sign an assignment, except for his misunderstanding as to the counterpart nature of the assignment document. The fact that he subsequently became (and remains) antagonistic to Xenogenex and its successors for other reasons does not negate his admission as to the work accomplished during his employment. No third party corroboration is required when the inventor himself admits that the work was done during the course of his employment.

16. It is therefore my legal opinion that, by virtue of his position as an officer of Xenogenex, during which time he made all of the contributions to the invention which resulted in his becoming a co-inventor thereof, Dr. Li by operation of law effectively transferred all of his rights to the present invention and this application and all of the application's predecessors and progeny to Xenogenex, from which by mesne assignments such rights are today the possession entirely and solely of Petitioner.

**Edward F. Myers**

17. A closely related analysis as for Dr. Li is applicable to Edward F. Myers, Ph.D. While Dr. Myers has now signed the required Declaration as an inventor, there remains an issue regarding his obligation to assign to one or more predecessors of Petitioner.

18. It is my legal conclusion, for the reasons set forth below, that Dr. Myers fully, validly and completely assigned all of his patent rights to a predecessor in interest of Petitioner, Cedars-Sinai Medical Center (CSMC), in Los Angeles, California in an assignment of the invention and all applications related thereto to CSMC on October 26, 1992. This Assignment is of record at the PTO as Exhibit D of the Renewed Petition. Also named as the original inventors were Drs. Donald V. Cramer, Leonard Makowka and Achilles A. Demetriou. (Subsequently Drs. Cramer and Makowka were dropped as named inventors

to the level of according inventorship

Myers, CSMC and Exten all were (and still are) domiciled in California and the Assignment was executed and thereupon took effect in California. Place of contracting, place of performance and location of the parties are the defining factors in determining the applicable law for interpretation of a contract; Witkin, SUMMARY OF CALIFORNIA LAW (9th ed.), §§ 46-50, pp. 86-88 (2001); CAL. CIV. CODE § 1646.

19. At the same time, as is evidenced by Exhibits H and I of the Renewed Petition (of record) Dr. Myers was also president of Xenogenex, where he worked with Dr. Li on the invention. On the same legal grounds as discussed above for Dr. Li, by virtue of his position as an officer of Xenogenex Dr. Myers' rights belonged to Xenogenex. Indeed, the legal grounds regarding Dr. Myers are even more compelling than for Dr. Li, since Dr. Myers was the company's president.

20. In the Decision the statement is made that an assignment of an application "and any reissue, division or continuation" thereof does not convey the rights to a "continuation-in-part," citing *In re Gray*, 115 U.S.P.Q. 80 (Comm. Pats., 1956) and M.P.E.P. § 409.03(f). It is reasonable to question whether this isolated, half-century old in-house PTO ruling is viable today. I note that no court nor even the Commissioner has ever cited that ruling in any subsequent proceeding. In fact, subsequent cases have been contrary, ignoring that ruling. For instance, in *Beech Aircraft Corp. v. EDO Corp.*, 26 U.S.P.Q.2d 1572, 1581, 990 F.2d 1237 (Fed.Cir., 1993), the court spoke of an assignment as being a complete conveyances of all patent rights of the assignor notwithstanding that the generic word "continuations" was used without the sub-set term "continuations-in-part."

21. Even if some validity remains for *Gray*, it is clear that *Gray* is not applicable here. *Gray* arose in the context of an inventor who refused to sign the patent application to which the assignment pertained, and the *Gray* decision separates "continuation" from "continuation-in-part." That is not the case here. Dr. Myers did

pertained; nor has he refused to sign it now. Further, as the president of Xenogenex he would have had every incentive to insure that the assignment was complete and adequate since his own company was now the owner and beneficiary. It is evident that the inventors intended to convey to CSMC all of their rights, and that such complete assignment of rights was conveyed on to Xenogenex. The omission of the term "continuation-in-part" was an scrivener's oversight which would have been remedied immediately had CSMC, Xenogenex or any of the inventors noticed it, and the court will give effect to the belief of the parties in the completeness of the contract; *Mills v. Schulba*, 95 Cal.App.2d 559 (Cal. Ct. App., 1950) [identification of one piece of property inadvertently omitted by attorney from multi-property land agreement].

22. Nor can Dr. Myers now contend that the assignment was deficient in the omission of the continuation-in-part term, since the doctrine of assignor estoppel prohibits an assignor from denigrating his own assignment at a later date. Neither can the PTO under the guise of *Gray* assert a deficiency on the inventor's behalf, since a third party cannot assert a right on behalf of an original party that the original party did not have.

23. Further, it is significant that the PTO's interest in differentiation between continuations and continuations-in-part is primarily relevant only for the purpose of determining filing dates and statutory bars under 35 U.S.C. §§ 102 and 103 for the various claimed aspects of an invention. Since the PTO considers any transfer of title, in whole or in part, to be an assignment (37 C.F.R. § 3.1) and recordable as "affecting title to applications" [37 C.F.R. § 3.11(a)], it has essentially no interest in the degree of assignment.

24. Finally, the single Commissioner's ruling does not overcome the long-standing and widely recognized state contract law with respect to the interpretation of contracts (which an assignment is). It is well settled that a contract (assignment) is to be interpreted in a

25. Therefore, I conclude that upon consideration of all factors related to the parties and the statutory and case law, the isolated and intra-PTO *Gray* ruling in its specific fact situation does not offset the legal doctrines (defined by case law and statute<sup>1</sup>) that dictate the conclusion that the 1992 Assignment signed by Dr. Myers was intended to, and did, convey *all* of Dr. Myers' patent rights, including rights to future "continuation-in-part" applications, to CSMC, from which by mesne assignments they are today in the possession of Petitioner.

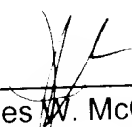
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To the extent that such is appropriate in view of the legal opinion nature of this paper, the following statement made a part of this paper:

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Date: February 15, 2002

Signed: \_\_\_\_\_

  
James W. McClain  
Attorney at Law  
PTO Reg. No. 24,536



PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re Application of ) FOR: ARTIFICIAL LIVER  
EDWARD F. MYERS ET AL. ) APPARATUS AND METHOD  
Serial No.: 08/809,677 ) Group Art Unit: PCT Legal Office  
Int'l. Filing Date: September 27, 1994 )

DECLARATION OF GREGORY F. SZABO

I, GREGORY F. SZABO, hereby declare and state that:

1. I am the President of the owner of the present application, Xenogenics, Inc.
2. I am personally acquainted with Albert P. Li, Ph.D. I have been aware that Dr. Li is currently employed by a corporation having a place of business in Baltimore, Maryland.
3. I am also aware that Dr. Li is a co-inventor named in the present patent application, and that there is an issue with respect to signature of Dr. Li as a co-inventor. I have been advised by my patent counsel that if a Declaration in proper form would be currently executed by Dr. Li and submitted in this application, this issue could be resolved. I have also been advised by counsel that the patent law defines procedures for continued prosecution of this application should Dr. Li decline to execute such a Declaration.
4. To the end of seeking resolution of this issue, I personally met with Dr. Li at his office in Baltimore on February 6, 2002. I offered Dr. Li a complete set of application papers, including a copy of the application and drawings, and a Declaration completed in proper form and with all relevant information, excepting only Dr. Li's signature. I requested that he read the papers and sign the Declaration as a named co-inventor. Dr. Li indicated to me that he understood what the papers were and that he was a named co-inventor, but he stated that he would not sign the Declaration. I thereafter left Dr. Li's office, taking with

Achilles A. Demetriou, and that the signature of Dr. Myers is also at issue. It is my understanding that efforts are currently being made to obtain Dr. Myers' signature. This Declaration is not intended to address matters related to Dr. Myers.

This constitutes my statement.

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I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Date: February 15, 2002

Signed: 

Gregory F. Szabo